



NEWS TO USE

A newsletter for PERSI Employers

- Deferring ERIPs to Choice Plan 401(k)
- FY03 positive returns
- Boise phone lines
- PETRA updates

PERSI's Boise office now has direct phone lines

It is now easier than ever to call PERSI. Our Boise office now has direct lines to every staff member. If you've always called our receptionist and asked for a specific extension, you can now bypass the receptionist and call an individual directly. Individual numbers are now 287-9 and our 3-digit extension. For example, Communications Manager Becky Reeb, extension 261, is now simply 287-9261.

Our 334-3365 and 1-800-451-8228 numbers remain the same if you prefer those.

PETRA enhancements

Thanks to your comments, PERSI's online transmittal program, PETRA, has been enhanced again.

* Instructions have been updated.

* You can now view and print formerly completed reports. The instructions are at the bottom of the updated PETRA instructions.

* If you type only numbers into the Social Security fields, PETRA will add the dashes.

* If you type only numbers into Date fields, PETRA will add the slashes. If you spell out a date, like May 9, 1982, PETRA will convert it to a numeric value.

Members may defer Early Retirement Incentive Plan (ERIP) money to the PERSI Choice Plan 401(k)

Some employers offer early retirement incentive plans (ERIPs) to their employees in the form of a cash bonus. Employees have questioned whether they can defer all or a portion of this ERIP into the Choice Plan.

The answer is "yes" if the following conditions are met:

1. The ERIP must be paid through the member's payroll system on a regular transmittal to PERSI while the member is still active, or immediately following termination. Generally this means that it must be reported in the same pay period as other salary. In other words, it can't be paid and reported in a pay period after actual (non-ERIP) salary is paid. At that point, an employee is considered terminated and no longer eligible to defer. This also means that the salary must be reported to the IRS as W-2 wages.
2. The member may not exceed his/her annual 402(g) contribution limit, which for

2003 is \$12,000, or if the member is at least age 50, \$14,000. If the member is contributing to a 403(b) plan as well as the Choice Plan 401(k), the total of the two plans may not exceed these limits. However, the member may be able to contribute another \$12,000 to a 457 plan if one is offered by the employer.

To defer an ERIP, the member needs to complete a Choice Plan Salary Reduction Agreement form 801 (available on the PERSI website). On the form, the member must indicate the percentage that will allow him/her to contribute as much as desired to the plan without exceeding the annual contribution limit.

It should be noted that while the IRS considers the ERIP to be compensation, ERIP payments are not treated as salary for PERSI Base Plan purposes.

If payroll administrators have questions on deferring ERIPs to the Choice Plan, please call Gay Lynn Bath at 287-9293 or 1-800-451-8228, ext. 293.

PERSI ends FY '03 with a positive return

CIO Comment

The fiscal year ended with the fund up 3.7% for the year, the first positive result in the past three. The fund is still down 9.5% since July 1, 2000, when the bear market generally began. Nonetheless, there is some hope that the bottom of the market has passed, and that moderate gains may occur over the upcoming year.

The numbers presented are unaudited as of this date. Audited figures will be available by December 31, 2003.

CURRENT VALUE OF THE FUND	\$	6,547,170,055
FISCAL YEAR CHANGE IN MARKET VALUE	\$	253,009,168
FISCAL YEAR TO DATE RETURNS		3.7%

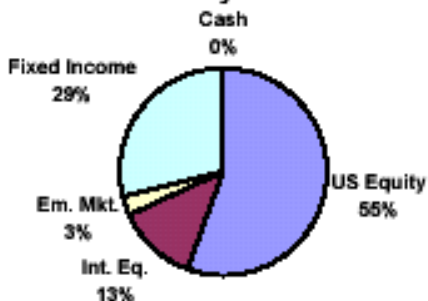
Fiscal Year Returns Five Year Returns

Total Fund	3.7%	Total Fund	2.7%
U.S Equity	-0.5%	U.S Equity	-0.3%
Benchmark	0.9%	Benchmark	-1.4%
Global Equity	3.3%	Global Equity	3.3%
Benchmark	-1.9%	Benchmark	-2.7%
Foreign Equity	-5.1%	Foreign Equity	-2.1%
Benchmark	-6.3%	Benchmark	-3.7%
Fixed Income	13.0%	Fixed Income	8.2%
Benchmark	10.5%	Benchmark	7.6%

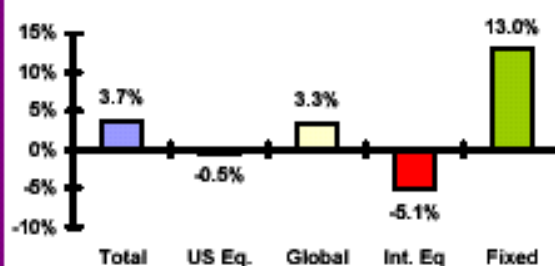
Blue numbers show where PERSI returns exceeded benchmarks.

Red numbers show where PERSI returns underperformed benchmarks.

Fund Allocation by Benchmarks



Fiscal Year To Date - Total Returns



Total Fund Returns vs 55-15-30 Benchmark

